COUNTY OF YORK MEMORANDUM

DATE: November 19, 1999 (BOS Mtg. 12/1/99)

TO: York County Board of Supervisors

FROM: Daniel M. Stuck, County Administrator

SUBJECT: Tourism Fund Allocations

At the June 9, 1999 work session to discuss allocation of the tourism-designated lodging tax revenues, the Board decided to defer action on two requests pending receipt of additional information. Those requests were:

- A request by the Williamsburg Area Chamber of Commerce for a contribution of \$60,000, payable over three years, to help support the construction of the Chamber's new office building. The Board deferred action pending receipt of information concerning the success of the Chamber's private fund-raising efforts as well as the amount of the contributions made by the City of Williamsburg and James City County.
- A request by James City County for a contribution of \$42,460 toward the 4th year of operation of the Relax and Ride Visitors Shuttle. The Board deferred action on this request pending receipt of additional information concerning ridership statistics as well as the credit, if any, being given for use of the buses obtained by the County through the public transit demonstration grant program.

The following information has been collected and is provided in response to the Board's questions:

Chamber of Commerce Contribution:

Since the Board's earlier discussions on this request, both the City of Williamsburg and James City County have approved contributions. The City of Williamsburg's action took place on September 9, 1999 and resulted in approval of a total contribution of \$125,000 (the amount requested by the Chamber) to be paid over a three year period in increments of \$50,000, \$50,000 and \$25,000. The City's initial payment will be made before December 31st and will come from its Capital Contingency fund.

James City County took action on the Chamber request on November 9, 1999. The Chamber had requested a \$100,000 contribution from James City. The amount approved by the County was \$50,000, to be paid in two installments from its lodging tax revenues (\$25,000 in FY2001 and \$25,000 in FY2002). James City intends to reduce its lump sum annual contribution to the Convention and Visitors Bureau by \$25,000 in each of those two years. The County's current annual contribution to the Visitors Bureau is \$550,000.

A copy of an October 11, 1999 letter from Mr. Axtell reporting on the progress of the capital campaign is attached. Since the date of that letter additional funds have been pledged and the

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total as of the date of this memorandum is \$600,349. Again, to reiterate, the Chamber's request of York County is a contribution of \$60,000, payable over a 3-year period.

Relax and Ride Visitors Shuttle:

By letter dated March 8, 1999, Mr. Sanford Wanner, James City County Administrator, requested that the Board contribute \$42,460 toward the 4th-year operations of the Relax and Ride Visitors Shuttle. In discussing this request at the June 9th work session, the Board asked for additional information concerning total ridership and the nature of the ridership on the shuttle (i.e. – tourists, locals, employment related, etc.). In addition there were questions concerning the "credit," if any, being given for the use of the buses acquired under the York County public transit pilot project grant. Staff has obtained the following information in response to these questions. In addition, Mr. Wanner plans to be present when the Board next discusses this issue to respond to questions and provide additional information.

- Ridership: Total ridership for the third season of Relax and Ride was 103,643, or an average daily ridership of 1,016. This represents a decline form the 2nd season figures of 121,061 total and 1,110 average daily. The decline in ridership is attributed to the decline in hotel occupancy rates this past summer. JCCo officials also provided the following statistics concerning the shuttle: the Gold Line (the route serving Bypass Road accounted for 30% of the daily ridership); 84% of all passengers were visitors and the remaining 16% were local residents; information concerning the purpose of local riders trips was not gathered; 90% of passenger destinations were to attractions (Busch Gardens was 1st, Water County was 2nd, and Colonial Williamsburg was 3rd).
- Private Sector Support: Paid advertising contributed \$10,000 toward the cost of the program in 1999.
- "Credit" for Buses: During the first two years of the Relax and Ride program, the County contributed \$20,000 annually as its share of the operational costs. In 1999, the County was given a "credit" of \$11,500 for use of the two buses and the cash contribution was \$8,500. We have indicated to James City County officials that the County would again be willing to allow the use of the buses, provided there is appropriate "credit" given. It is our understanding that Mr. Wanner will be prepared to address this issue at the December 1st meeting.

Additional Request

I recently received a letter (copy attached) from the Fourth of July Celebration Committee expressing appreciation for the \$17,285 contribution toward the 1999 celebration and requesting a contribution of \$20,000 toward next year's event. The letter and attachment detail the various uses of the requested funds. Since the Committee needs substantial lead time in order to properly plan for the July 4th celebration, I am bringing this request to the Board at this time for consideration and a decision.

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Recommendations

My recommendations concerning each of these requests are:

- Chamber of Commerce: The proposed office building will house both the Chamber of Commerce and the Convention and Visitors Bureau. While I believe the majority of support for the project should come from the business community, the County and its tourism industry do benefit from the advertising and promotional activities of the CVB. Therefore, I believe it would be reasonable to consider some level of support (perhaps 50% of the request) from the Tourism-designated lodging tax revenues. If the Board is inclined to consider a contribution of \$30,000, I recommend that it be paid in two \$15,000 increments. I recommend that the first payment be made before December 31st and the second before December 31, 2000. I do not recommend that this amount be deducted from the basic contribution provided each year to the Convention and Visitors Bureau (\$126,300); however, if the CVB again requests an additional allocation from the lodging tax revenues as it has done the past two years to support the Revolutionary Fun advertising campaign, the Board may want to keep the building fund contribution in mind as it evaluates such a request.
- Relax and Ride: I suggest that the County's contribution consist of the use of the buses and a cash amount to be determined after hearing Mr. Wanner's proposal concerning the amount of "credit" to be given for the buses. Recalling that last year's cash contribution was \$8,500, I will leave the amount of this year's to the Board's discretion. However, as noted in my June 1, 1999 memorandum on this subject, I believe it is important to send a message to the private sector that some form of direct support (other than advertising) will be expected if York County is to continue to support the program after the 2000 operating season.
- 4th of July: I believe the additional funds contributed by the Board for the 1999 event provided some very beneficial safety and operational enhancements. Therefore, I recommend that the Board authorize the requested \$20,000 allocation for the July 4, 2000 celebration.

Sufficient funds are in the Tourism-designated lodging tax account to make these contributions and accomplish the other initiatives the Board has discussed. The Tourism-designated lodging tax revenues have been appropriated so all that is needed is the Board's direction as to how and in what amount the funds are to be allocated.

Please let me know if you have questions or need additional information.

Carter/3337:jmc

Attachments

October 11, 1999

Mr. Daniel M. Stuck County Administrator York County Post Office Box 532 Yorktown, VA 23690-0532

Dear Danny:

Since we last met with you and the York County Board of Supervisors in June, significant progress has been made on our building project and Cornerstone for the Chamber Campaign. To date we have \$540,762.50, or 77.2 percent, of our goal of \$700,000 pledged, committed, and donated.

Momentum for the campaign increased recently with the unanimous vote by the Williamsburg City Council to approve our request for \$125,000. Commitments of \$10,000 from Crestar Bank, Virginia Power, Barnett Development Company, Wachovia Bank, Dominion Resources, Williamsburg Soap & Candle Company, Old Point National Bank, and the Pepsi Bottling Group as well as lesser amounts from many other member firms complemented this. We are still holding a major announcement by a large corporate member. Its delay is caused by the need to have an IRS tax exempt determination letter on file. Our application for this is under review and we anticipate a favorable ruling. Proposals to several others remain under review and we anticipate these announcements to be forthcoming.

Efforts to generate support from the campaign team and Chamber board of directors produced positive results - 100 percent participation from both groups. Additionally, we are asking for support from our former Chamber presidents and the graduates of our Leadership Historic Triangle program; and 100 percent of the Chamber and Bureau staff have given.

Focus in the upcoming weeks is on the general membership. An informational packet discussing the project and opportunities for member support recently mailed precedes a two-day phone-athon next week. An incentive to generate member giving is the 2 X 4 Club. Members can voluntarily double their membership fees over four years and be recognized on the donor wall in the new lobby. We believe this will raise \$75,000.

On the construction side of the project, Guernsey-Tingle Architects received design approval from the Williamsburg Architectural Review Board in August and is proceeding with the development of working drawings. Prequalification requests for proposal were sent to all member contractors, and those firms who prequalify will soon receive bid proposal packages.

Serving the City of Williamsburg and the Counties of James City and York

Several financing proposals are under review by our building finance committee. Proposals to offer no interest payments during the five year pledge period were included among other creative concepts. Financing arrangements are expected to be concluded next month.

We respectfully request York County to now commit its support to this public/private regional opportunity. We are confident the fund-raising initiatives planned or underway will succeed, and action by the County to financially support the project will serve as a catalyst to others. We would like the opportunity to discuss our request with you and the supervisors at the regular meeting of the board, November 3rd or at one of its work sessions later this month.

Your interest and consideration of our request is appreciated, and we look forward to meeting with you. Unfortunately, I must go out of town; however Don Messmer (253-5606) or Bob Hershberger (229-6511) will coordinate our meeting with you.

Sincerely,

Kenneth H. Axtell

Co-Chair, Capital Campaign Committee

KHA/lcg

CC: Donald J. Messmer

Walter C. Zaremba David E. Bush George M. Hudgins

Excerpts from Board of Supervisors Meeting Minutes dated December 1, 1999

PRESENTATIONS

TOURISM FUNDING

Mr. Sanford Wanner, County Administrator for James City County, made a presentation briefing the Board members on the status of the Relax and Ride shuttle bus service program within the jurisdictions of James City County, York County, and Williamsburg. He stated that when the request was made to York County for its share of the fourth year operating costs, the Board deferred action until receiving information concerning the ridership. Mr. Wanner stated that information had been provided which showed a slight dip in the use of the program this year. He also noted the Board would be receiving additional credit (\$4,700) for the use of the County's buses. Subject to the continuance of the program, Mr. Wanner stated the program had been approved for complete replacement of the shuttle buses through federal and state grants. He asked the Board to consider a financial contribution to continue this unique regional partnership which benefits the tourism industry.

<u>Chairman Noll</u> asked what was the percentage of private business monies coming in to support the program.

Mr. Wanner stated no other direct private contributions other than advertising are received, but they continue to seek out more advertising from businesses and tourist attractions. It was hoped that the private sector would have stepped up in the fourth year to support the program financially, but this has not happened. The businesses prefer to put their money into marketing and collaboration with the tourism bureau. Mr. Wanner stated that James City County is committed to the shuttle service because it believes it has a positive impact on the tourism industry of the entire region.

Chairman Noll asked if there had been any thought to increasing the shuttle fees.

<u>Mr. Wanner</u> indicated there had been, but there are differences as to what the fare should be. One participating locality would like to see the fare eliminated.

Mr. Mills asked for the funding breakdown between the three jurisdictions.

Mr. Wanner stated Williamsburg pays 45 percent; James City County pays 33 percent; and York County pays 22 percent.

Mr. Mills asked how many riders use the program.

Mr. Wanner stated about 106,000 this past year. The dip in usage is a parallel to the decrease in the area's tourism industry.

Mr. Zaremba indicated a comment heard often is that many people see the buses with no people riding them.

Mr. Wanner stated ridership depends on the time of day, and some days are very busy while others are not.

Discussion followed on routing in York County.

Mr. Wanner noted the shuttle service will be invaluable when the 2007 celebration takes place in Jamestown.

Mr. Zaremba asked what the economic impact would be if the service was discontinued.

 $\underline{\text{Mr. Wanner}}$ stated he could not comment other than stating he felt it would be a negative impact.

Mr. Don Messmer, representing the Williamsburg Area Chamber of Commerce, gave a presentation on the capital campaign for the Chamber to raise funds for the construction of a new building to house the Chamber and the Convention and Visitors Bureau. He spoke of the funding received from Williamsburg and James City County and the pledges received from the Chamber's membership and employees. He indicated they had also received a \$100,000 donation from the Anheuser Busch Corporation. Mr. Messmer indicated that \$3 out of every \$4 received would come from the private sector. He noted the Chamber was seeking a one-time investment from York County that was proportionate to that requested from the other jurisdictions.

Mr. Bob Hershberger, Executive Director of the Williamsburg Area Chamber of Commerce, elaborated on the services provided York County and the Historic Triangle area by the Chamber, citing workforce development involvement with the area colleges, providing temporary office space to small businesses, a team approach to helping a client relocate businesses in the area, and legislative involvement with the General Assembly on issues affecting the Historic Triangle as examples.

Mr. Jim Noel, Executive Director of the Industrial Development Authority of York County, spoke on behalf of the Chamber's request as a member of the Chamber's Board of Directors. He stated he considered the request an investment in York County's tourism industry which is necessary for the economic health of the community. He stated the space is needed to compete with the tourism industry to maintain and increase the tourism dollars York County now receives.

Discussion followed concerning the Convention and Visitors Bureau and the Williamsburg Area Chamber of Commerce being one organization.

NEW BUSINESS

TOURISM FUND ALLOCATIONS

Mr. Stuck noted the Board had heard from Mr. Wanner on the Relax and Ride Shuttle and from representatives of the Williamsburg Area Chamber of Commerce on its capital request. He noted the other request for tourism funds was from the Fourth of July Committee.

<u>Mr. Mills</u> indicated his reluctance to provide funding for a new building for the Chamber of Commerce, stating he does not see how bricks and mortar will help them accomplish the role he sees for them.

Mr. Zaremba stated he felt the arguments were very persuasive in terms of what the Chamber of Commerce and the Bureau does, not just for Williamsburg and James City County but also for York County. He stated a large part of the County's economic well being is tied to tourism. The Board keeps hearing about regionalism and cooperation when there is a subject that cuts across the three jurisdictions. There is a lot to say about a facility when looking at Chambers of Commerce and visitors and convention centers across the country, and Mr. Zaremba reminded the Board that this is the most historic part of the country. The Chamber for the Historic Triangle should have a better facility from which to operate.

Mr. Meadows stated this is a one-time, up-front need, and he feels it will vastly improve the tourism operation.

After further discussion, Mr. Mills suggested that the new Board was getting ready to go into the budget season and that this decision should be made by them during that time.

Mr. Funk expressed his agreement with Mr. Mills regarding an investment in bricks and mortar as well as his agreement with the suggestion for the Board to deal with it during the budget deliberations.

Excerpts from BOS Minutes of December 1, 1999 Page 3

By consensus the Board agreed to defer action on the request of the Williamsburg Area Chamber of Commerce for tourism funding.

Mr. Funk then spoke of the request for funding the Relax and Ride Shuttle Program, stating he still feels it is cost effective, and he will support it.

<u>Mr. Mills</u> also expressed his support for the program, but noted there should be someone watching the program carefully to ensure that the costs per rider do not become excessive.

Mr. Zaremba expressed his support for funding the program also.

By consensus the Board agreed to provide the requested funding, \$37,760, for the Relax and Ride Shuttle Program. After a brief discussion, the Board also agreed to provide the requested tourism funding, \$20,000, for the Fourth of July Committee.